

CLEVELAND PUBLIC LIBRARY
BUSINESS DIV. BUR.
CORPORATION FILE

1966

ANNUAL

REPORT



Anheuser-Busch, Inc.

Annual Report to Shareholders of
ANHEUSER-BUSCH, INCORPORATED
 SAINT LOUIS, MISSOURI

STOCK TRANSFER AGENTS

**ST. LOUIS UNION
 TRUST COMPANY**
 510 Locust Street
 St. Louis, Missouri

**CHEMICAL BANK NEW YORK
 TRUST COMPANY**
 20 Pine Street
 New York, New York

STOCK REGISTRARS

**MERCANTILE TRUST COMPANY
 NATIONAL ASSOCIATION**
 721 Locust Street
 St. Louis, Missouri

**MORGAN GUARANTY TRUST
 COMPANY OF NEW YORK**
 30 West Broadway
 New York, New York

**DEBENTURES—TRUSTEE,
 REGISTRAR AND PAYING AGENT**

**MANUFACTURERS HANOVER
 TRUST COMPANY**
 40 Wall Street
 New York, New York

**CHEMICAL BANK NEW YORK
 TRUST COMPANY**
 20 Pine Street
 New York, New York



MICHELOB . . . is available in bottles and on draught. In the distinctive bottle, it is sold in six-packs and the 24-bottle case. On draught and in bottles, Michelob is featured by some of the most famous hotels and clubs in this country.

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On the front cover: a view of the administration building and grain storage facility at the Anheuser-Busch, Inc., Florida plant at Tampa.



BUDWEISER . . . is available in bottles, cans and on draught. Both bottles and cans are available in six-packs and by the case.

Budweiser,
Michelob,
Bud,
Busch
are registered trademarks
of ANHEUSER-BUSCH, INC.



BUSCH . . . is available in bottles, cans and on draught. Packaged in bottles and cans, it is available in six-packs and by the case.

DIRECTORS

*AUGUST A. BUSCH, JR.
Chairman of the Board
*AUGUST A. BUSCH III
*DAVID R. CALHOUN, JR.
JOHN FLANIGAN
*A. VON GONTARD
Vice Chairman of the Board
JOHN F. KREY II
H. NORRIS LOVE
*J. W. McAFEE
*R. A. MEYER
JAMES B. ORTHWEIN
FREDERIC M. PEIRCE
W. R. PERSONS
WALTER C. REISINGER
*ETHAN A. H. SHEPLEY
*JOHN L. WILSON
*Members of Executive Committee

OFFICERS

AUGUST A. BUSCH, JR.
President
R. A. MEYER
Executive Vice President
AUGUST A. BUSCH III
Vice President and General Manager
FRANK H. SCHWAIGER
Senior Vice President—Brewing
E. H. VOGEL, JR.
Vice President
C. J. HAUSER
Vice President
HENRY N. McCLUNEY
Vice President
ROBERT S. WEINBERG
Vice President
FRANK J. SELLINGER
Vice President
GEO. W. COUCH, JR.
Vice President
JOHN FLANIGAN
Vice President
WALTER T. SMITH, JR.
Vice President
HUGO WANINGER
Vice President
OWEN RUSH
Vice President
RICHARD J. BENDER
Vice President
PAUL C. GUIGNON
Vice President
THOMAS R. SCANLAN, JR.
Vice President
JOHN H. PAHLMANN
Controller
MRS. K. SIEBERT
Secretary
REID McCURM
Treasurer
R. A. RAWIZZA
Assistant Controller
JOHN L. HAYWARD
Ass't Secretary & Ass't Treasurer
THOMAS J. CARROLL
Assistant Secretary
STUART F. MEYER
Assistant Secretary

THE ANNUAL MEETING

of the shareholders of the Company will be held on Wednesday, April 26, 1967 at 10:00 a.m., St. Louis time. A notice of that meeting and proxies on behalf of the management will be sent to the shareholders on or about March 27, 1967.



THE PRESIDENT'S LETTER

February 10, 1967, St. Louis, Missouri

*To the Shareholders of
Anheuser-Busch, Incorporated*

The best year in the Company's history was 1966. We set new records for total sales and earnings.

Total dollar sales were \$631,593,578 as compared with \$553,509,809 in 1965, an increase of 14 per cent. Earnings were up 26 per cent — \$32,338,959 or \$2.99 per share as compared with \$25,760,719 or \$2.39 per share in 1965.

Beer volume amounted to 13,575,485 barrels, reflecting an increase of 1,734,160 barrels or 15 per cent over 1965. This increase compares with an increase of approximately 4 per cent for the entire United States brewing industry. Each of our brands — Budweiser, Michelob, and Busch Bavarian — showed a volume increase over 1965.

Total dollar sales of our non-beer divisions in 1966 were somewhat lower than in 1965. This decline was due to reduced selling prices of many non-beer products, and the profits contributed by these divisions were reduced substantially. Sales of our non-beer divisions in 1966 accounted for 12 per cent of corporate net sales.

During 1966 we continued our programs for the expansion of our productive facilities to meet consumer demand.

Our new Houston brewery began operations in May of 1966. We are currently expanding this facility, with completion scheduled for mid 1968.

The expansions of our Newark and Los Angeles breweries are well under way. The additional capacity provided by these expansions will add materially to our 1967 beer volume.

The construction of our new brewery at Columbus, Ohio is progressing on schedule, and we expect this facility to be in operation late in 1968.

Our new corn products plant at Lafayette, Indiana will be in production in the first quarter of 1967.

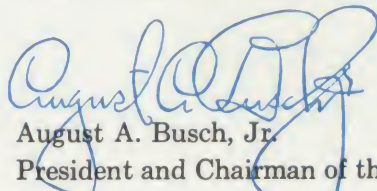
In June 1966 the Company, in combination with Libby, McNeill and Libby, formed a jointly owned corporation, Lianco Container Corporation, which will manufacture beer cans to meet a part of the requirements of the St. Louis brewery. Construction of the facility for this operation is proceeding. We expect to receive some of its production in the latter part of 1967.

In February 1966 the Company borrowed \$45,000,000 through the sale of its 5.45% debentures due March 1, 1991. The proceeds of this borrowing will be used, along with our own funds, for capital expenditures, including those mentioned above.

This report includes a story and photographs about the visitor attractions at our Tampa and Los Angeles breweries. These facilities attracted a total of 3,900,000 visitors during 1966. We expect that many more of our friends and customers will visit us in 1967.

I want to extend to our shareholders our sincere appreciation of their confidence in and support of management. We will do our best to continue to earn this confidence in 1967.

Respectfully submitted,


August A. Busch, Jr.
President and Chairman of the Board

THE YEAR AT A GLANCE

YEAR ENDED DECEMBER 31

	1966	1965
Barrels of beer sold	13,575,485	11,841,325
Sales	\$631,593,578	\$553,509,809
All taxes	190,805,892	163,155,190
Per share	17.62	15.14
Net earnings	32,338,959	25,760,719
Per share	2.99	2.39
Cash dividends paid	10,805,980	9,490,632
Per share (Note)	1.00	.88
Capital expenditures	86,349,644	46,587,289
Provision for depreciation charged to operations	18,578,539	15,638,535

FINANCIAL CONDITION AT DECEMBER 31

Working capital	81,855,778	76,961,353
Plant and equipment, net	236,590,237	169,472,510
Long-term debt	96,849,000	52,265,000
Shareholders equity	220,533,325	197,609,877
Per share	20.37	18.34
Number of employees	9,340	9,074
Number of shareholders	18,442	17,681

Note - 1965 adjusted to reflect 10% stock dividend declared in 1965 and distributed in 1966.

REVIEW OF THE YEAR... 1966

The following summary compares the operations of 1966 with 1965:

	In Thousands		
	1966	1965	Change
Barrels sold (all beers)	13,575	11,841	1,734
Net sales	\$479,289	\$421,858	\$57,431
Cost of doing business	417,563	372,109	45,454
Income before taxes	61,726	49,749	11,977
Tax provision	29,387	23,988	5,399
Earnings	32,339	25,761	6,578
Per share	2.99	2.39	.60

Cash dividends of \$1.00 per share were paid in 1966. The Company paid cash dividends in each of the past 34 years, plus stock dividends in the years 1953, 1954 and 1966.

Condensed statement of beer volume and consolidated earnings by quarters is shown below:

	In Thousands			
	First Quarter	Second Quarter	Third Quarter	Fourth Quarter
Barrels sold (all beers)	3,060	3,456	3,675	3,384
Net sales	\$108,001	\$119,604	\$130,621	\$121,063
Depreciation provision	4,053	4,586	4,837	5,103
Income before taxes	13,440	16,845	18,375	13,066
Earnings	6,978	8,707	9,484	7,170
Per share65	.80	.88	.66

Return on average invested capital for the year was 15.5% compared with 13.6% for 1965, and the ratio of earnings to net sales was 6.7% compared with 6.1% for 1965.

WORKING CAPITAL

Working capital at December 31, 1966, was \$81,855,778 and working capital ratio was 2.6 to 1.

Cash and marketable securities (excluding U. S. Government securities deducted from current liabilities) aggregated \$61,529,921.

The following statement summarizes the flow of funds for 1966:

	In Thousands
	1966
SOURCE OF FUNDS	
Net earnings	\$ 32,339
Non-cash charges against income	22,925
Sale of 5.45% debentures	45,000
Sale of common stock under stock option plan	1,390
Other	812
Total	102,466
DISPOSITION OF FUNDS	
Additions to property accounts	86,350
Dividends paid	10,806
Long-term debt reduction	416
Total	97,572
Working capital increased	\$ 4,894

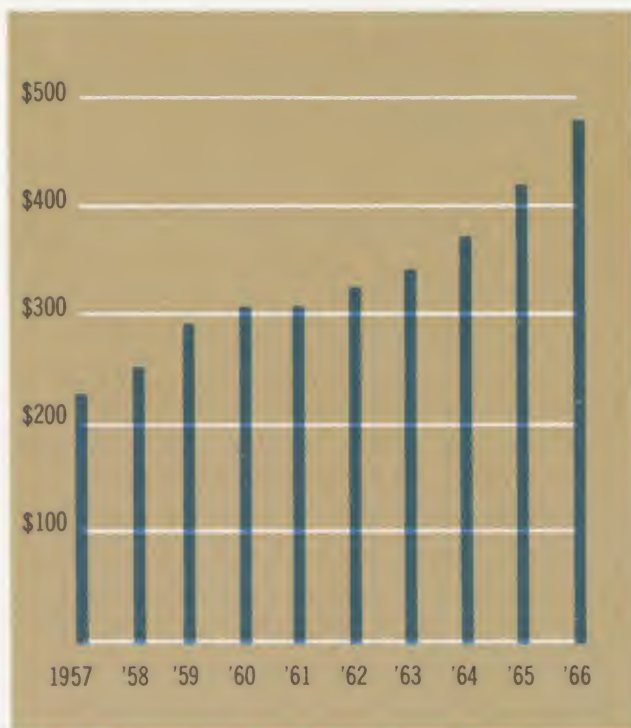
PROPERTY

The following schedule presents capital expenditures and depreciated values for the past five years:

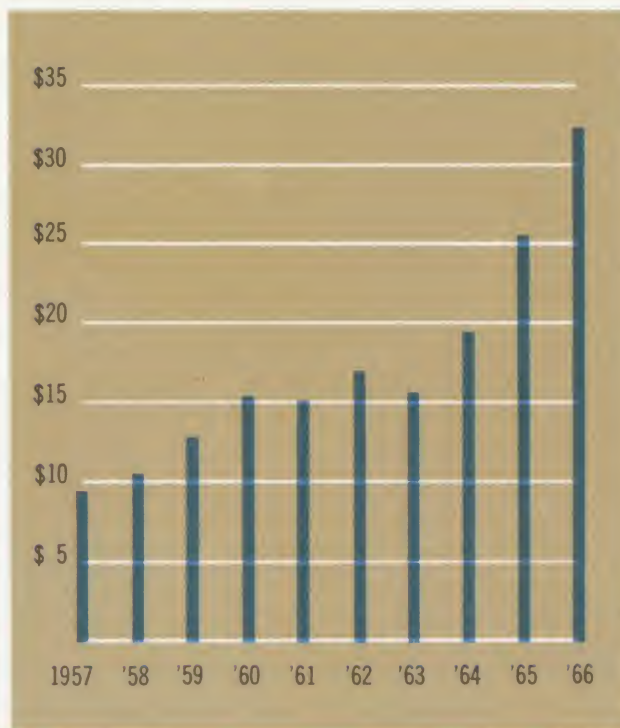
	In Thousands	
	Additions	Depreciated Value December 31
1962	\$ 23,470	\$128,318
1963	14,546	129,767
1964	25,378	140,544
1965	46,587	169,862
1966	86,350	236,590
Total	\$196,331	

The Company uses guideline rates permitted by the Treasury Department in computing deprecia-

NET SALES (millions of dollars)

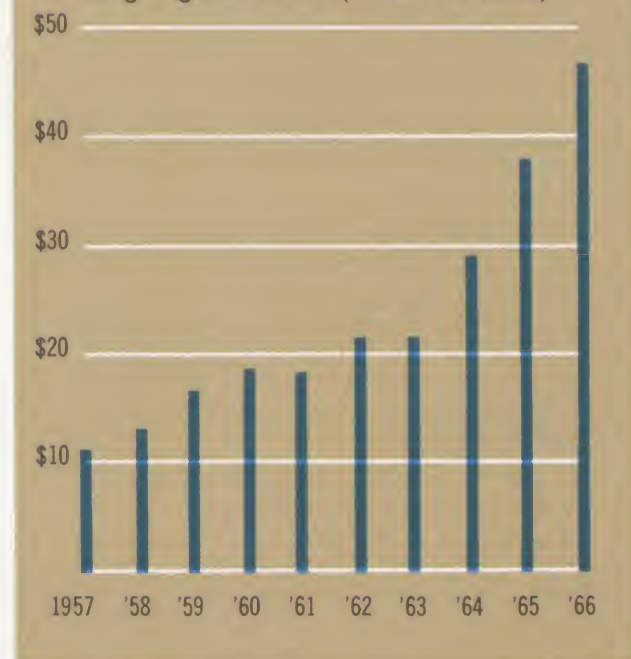


NET INCOME (millions of dollars)

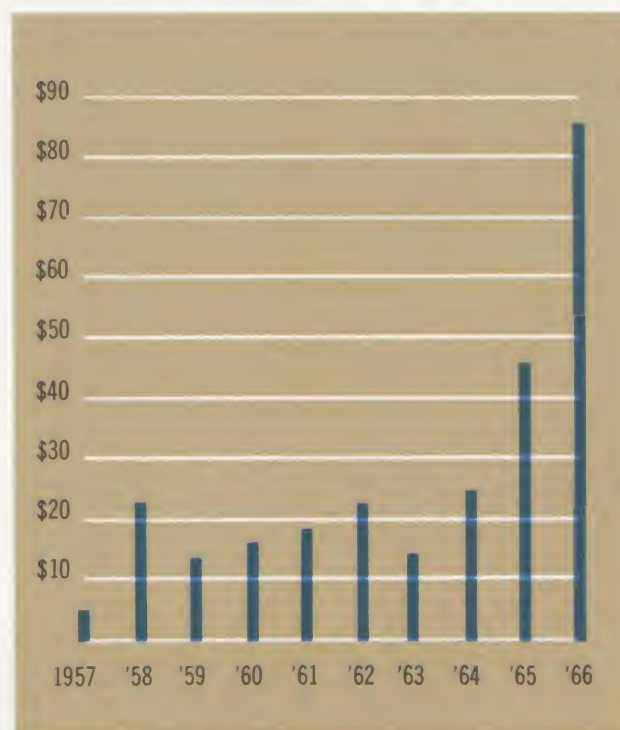


AMOUNT PROVIDED FOR EXPANSION

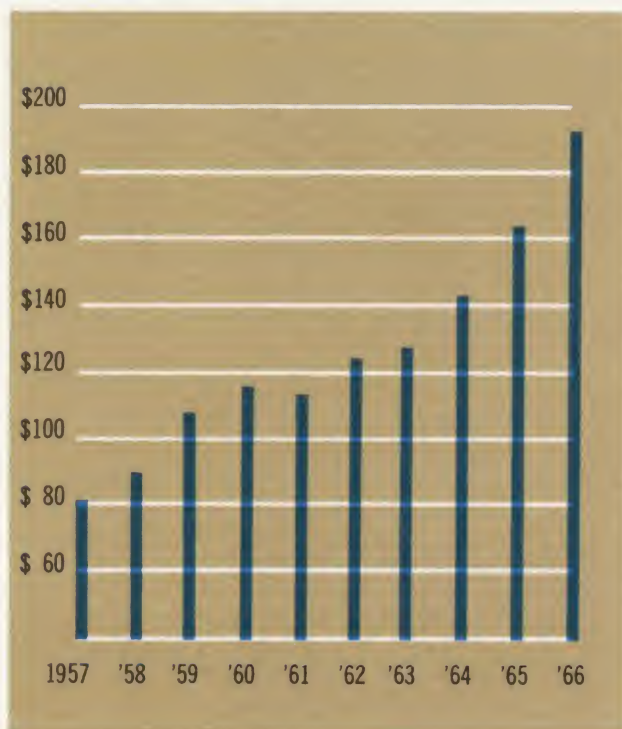
Retained Earnings plus non-cash charges against income (millions of dollars)



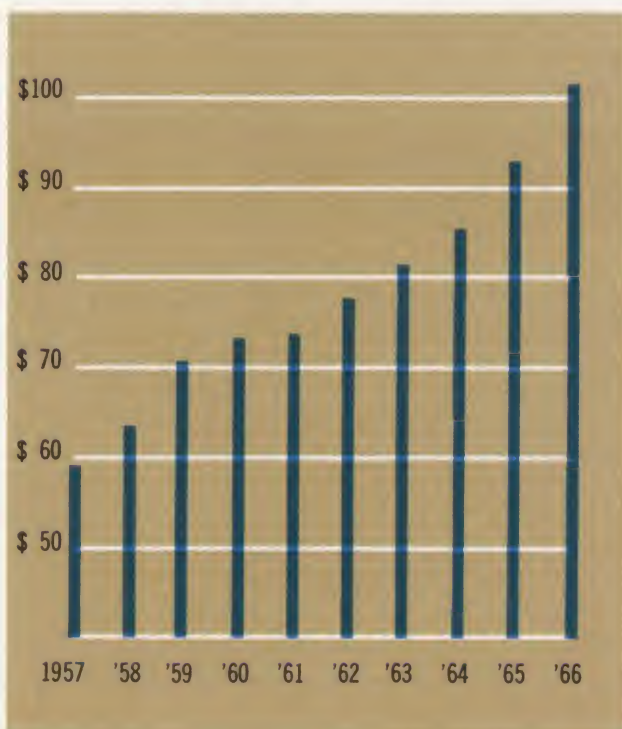
CAPITAL ADDITIONS (millions of dollars)



TOTAL TAXES PAID (millions of dollars)



TOTAL PAYROLL COST (millions of dollars)



tion for tax purposes. The resultant tax reduction has been credited to deferred income taxes. There was no effect on income for the year.

The Company follows the policy of deferring the income tax reduction provided by the investment credit provision of the Revenue Act of 1962. These deferred investment credits are reflected in income over the productive lives of the qualified property additions.

SALES DOLLAR ALLOCATIONS

Comparison of the changes in the analysis of the Company's sales dollar for 1966 and 1965 is shown below:

	In Thousands			
	1966	%	1965	%
For materials and supplies. . . .	\$231,357	36.6	\$202,015	36.5
To governments for taxes.	190,806	30.2	163,155	29.5
To employees for salaries, wages and benefits.	98,458	15.6	90,489	16.3
For all other costs and expenses	78,634	12.5	72,090	13.1
Total cost and expenses.	599,255	94.9	527,749	95.4
Cash dividends paid to shareholders	10,806	1.7	9,491	1.7
Earnings retained in business. .	21,533	3.4	16,270	2.9
Sales dollar	\$631,594	100.0	\$553,510	100.0

TAXES

Total taxes applicable to 1966 operations (not including the many hidden taxes included in materials and services purchased) amounted to \$190,805,892; direct taxes for the last three years were:

	In Thousands		
	1966	1965	1964
Federal and state excise taxes on beer sold.	\$152,304	\$131,652	\$115,145
Federal and state income taxes. .	29,387	23,988	19,667
All other taxes	9,115	7,515	7,280
Total	\$190,806	\$163,155	\$142,092
Per share	17.62	15.14	13.16

SHAREHOLDERS

At the close of the year, shareholders numbered 18,442 compared with 17,681 at the end of 1965.

	Holders of Record	Shares Held
Men	5,232	1,597,564
Women	5,201	1,991,186
Joint names	5,851	678,783
Fiduciaries	1,262	2,022,998
Institutions, foundations, brokers, nominees and others	896	4,536,805
Total	18,442	10,827,336

EMPLOYEE RELATIONS

At December 31, 1966, employment was 9,340. Salaries and wages to officers and employees amounted to \$90,796,743. Pension, life insurance and welfare benefits aggregated \$7,661,601; payroll taxes totaled \$3,053,300.

FARM PRODUCTS

The American farmer supplies the domestic hops, barley, rice and other grains used in the production of beer, corn for various corn products, and molasses used in the production of yeasts.

Farm products purchased by the Company in 1966 had an aggregate value of \$57,656,983. Processing of brewers grains and corn produced 149,000 tons of high protein animal feed having a sales value of \$7,445,795.

In the brewing of Budweiser, the Company is one of the few breweries using rice exclusively as an adjunct grain to barley malt.

RESEARCH

Product research is conducted in the Brewing Technical Center for our beer products and in the Central Research Department for our non-beer products.

During 1966 the Brewing Technical Center engaged in cooperative work with manufacturers of packaging materials to develop more economical materials without impairing product quality.

A cooperative program to develop the growing of malting barley in Missouri is being carried out with the University of Missouri. Success of this program will benefit both the Company and the Missouri growers.

The Bakery Products Section of the Central Research Department concentrated on improvements in bakers yeast quality and processing efficiency.

The Corn Products Section of the Central Research Department conducted considerable research for the Consumer Products Division as well as for the Corn Products Division. Resulting new products for both divisions were aerosol spray starch, aerosol fabric finish, a new table syrup, two enzyme conversion starches for the paper industry, a warp-sizing starch for the textile industry, pregelatinized food starch, higher conversion corn syrups and a new process for the manufacture of water-resistant corrugated board.

ST. LOUIS CARDINALS

During 1966 the St. Louis Baseball Cardinals moved their operations to the new Civic Center Busch Memorial Stadium which is owned and operated by Civic Center Redevelopment Corporation. The old Busch Stadium, which had been the home of the Cardinals, was donated by the Company in 1966 to the Metropolitan St. Louis Boys' Club, Inc.

The Cardinals earned \$600,150 for their fiscal year which ended October 31, 1966. These earnings are not consolidated with the earnings of the Company.

MANAGEMENT CHANGES

During 1966 the following officer appointments were made:

September 28—Robert S. Weinberg,
Vice President

December 20 — Frank J. Sellinger,
Vice President

We regret to report the death, on February 24, 1966, of Robert C. Gadsby, who was a Vice President of the Company.

OTHER

The Company utilizes a substantial portion of the available services of Manufacturers Railway Company for local terminal services and St. Louis Refrigerator Car Company for shipping beer products. Each of these companies is substantially owned by Adolphus Busch Estate, Incorporated.

During 1966 the Board of Directors of the Company and of Adolphus Busch Estate, Incorporated approved an Agreement and Plan of Reorganization under which the Company would acquire the assets of Adolphus Busch Estate, Incorporated for shares of common stock. This Agreement and Plan of Reorganization will be submitted to the shareholders of each of the companies for approval in 1967.

CONSOLIDATED BALANCE SHEET



ANHEUSER-BUSCH

ASSETS

	December 31 1966	December 31 1965
Current Assets:		
Cash (including certificates of deposit of \$24,590,064 in 1966 and \$16,902,179 in 1965)	\$ 33,004,747	\$ 29,154,440
Marketable securities (short-term), at cost which approximates market.	28,525,174	29,309,034
Accounts and notes receivable, less allowance for doubtful accounts of \$550,000	27,603,607	21,866,625
Inventories, at lower of cost or market, cost being determined under the "last-in, first-out" method for approximately 52% of total inventories in 1966 —		
Finished goods	7,697,504	6,151,959
Work in process	9,142,240	8,690,648
Raw materials and supplies	26,627,779	22,751,852
Total current assets	132,601,051	117,924,558
Investments (at cost) and Other Assets:		
St. Louis National Baseball Club, Inc.	2,435,124	2,800,000
Civic Center Redevelopment Corporation (Note 1)	2,525,000	3,762,500
Lianco Container Corporation	210,000	
Busch Stadium, less accumulated depreciation of \$2,520,994 in 1965		389,920
Deferred charges and other non-current assets	6,224,426	5,095,967
	11,394,550	12,048,387
Plant and Equipment, at cost:		
Land	11,350,491	9,660,405
Buildings	109,832,066	92,347,209
Machinery and equipment	194,381,478	161,765,420
Construction in progress	73,010,868	43,000,855
Other real estate	2,770,326	2,913,752
	391,345,229	309,687,641
Less accumulated depreciation	154,754,992	140,215,131
	236,590,237	169,472,510
	\$380,585,838	\$299,445,455

INCORPORATED *and subsidiaries*

LIABILITIES

	December 31 1966	December 31 1965
Current Liabilities:		
Accounts payable	\$ 28,026,296	\$ 18,348,479
Accrued salaries and wages	5,072,505	4,671,848
Accrued taxes, other than income taxes	8,219,291	7,056,045
Estimated federal and state income taxes, less United States Government securities of \$3,943,910 in 1966 and \$2,667,399 in 1965	6,336,090	9,182,601
Other current liabilities	3,091,091	1,704,232
Total current liabilities:	50,745,273	40,963,205
Long-Term Debt:		
3¾% debentures maturing 1968 to 1977, less \$2,755,000 in treasury in 1966 and \$4,110,000 in 1965	12,130,000	12,265,000
4½% debentures maturing 1969 to 1989, less \$281,000 in treasury in 1966	39,719,000	40,000,000
5.45% debentures maturing 1971 to 1991	45,000,000	
	96,849,000	52,265,000
Deferred Items:		
Income taxes	8,102,000	6,160,000
Investment tax credit	4,356,240	2,447,373
	12,458,240	8,607,373
Shareholders Equity:		
Common stock, \$2 par value, authorized 15,000,000 shares; issued 10,962,433 shares (Note 2)	21,924,866	21,817,032
Capital in excess of par value (principally arising from stock dividends)	63,469,996	62,187,361
Retained earnings (Note 3)	138,350,515	116,817,536
	223,745,377	200,821,929
Less cost of 135,097 shares of treasury stock	3,212,052	3,212,052
	220,533,325	197,609,877
	\$380,585,838	\$299,445,455

The above statement should be read in conjunction with the Notes to Consolidated Financial Statements appearing on page 12 of this report.

CONSOLIDATED STATEMENT OF INCOME AND RETAINED EARNINGS

	1966	1965
Sales	\$631,593,578	\$553,509,809
Less federal and state beer taxes	152,304,365	131,651,722
	<u>479,289,213</u>	<u>421,858,087</u>
Costs and Expenses:		
Cost of products sold	347,620,273	304,851,638
Marketing, administrative and general expenses	70,043,473	67,846,641
	<u>417,663,746</u>	<u>372,698,279</u>
	61,625,467	49,159,808
Other Income and Expenses:		
Interest income	3,404,446	1,936,242
Interest expense	(4,157,894)	(2,303,569)
Purchase discounts, other income and expenses, net	854,206	956,549
	<u>61,726,225</u>	<u>49,749,030</u>
Provision for Income Taxes:		
Current	27,445,266	21,328,311
Deferred	1,942,000	2,660,000
	<u>29,387,266</u>	<u>23,988,311</u>
	32,338,959	25,760,719
Net income (per share: 1966 — \$2.99; 1965 — \$2.39)	<u>116,817,536</u>	<u>153,459,709</u>
Retained earnings at beginning of year	149,156,495	179,220,428
Cash dividends, \$1.00 per share in 1966 and \$.88 per share in 1965 (1965 adjusted for stock dividend)	10,805,980	9,490,632
10% stock dividend		52,912,260
Retained earnings at end of year	<u>\$138,350,515</u>	<u>\$116,817,536</u>
<i>Provision for depreciation of \$18,578,539 in 1966 and \$15,638,535 in 1965 are included in costs and expenses.</i>		

CONSOLIDATED STATEMENT OF CAPITAL IN EXCESS OF PAR VALUE

	1966	1965
Balance at beginning of year	\$62,187,361	\$ 9,853,529
Excess of approximate market value over par value of common stock issued as a stock dividend		50,928,892
Excess of option price over par value of common stock sold under stock option plan	1,282,635	1,404,940
Balance at end of year	<u>\$63,469,996</u>	<u>\$62,187,361</u>

CONSOLIDATED STATEMENT OF SOURCE AND APPLICATION OF FUNDS



	1966	1965
Funds were provided by:		
Operations —		
Net income for the year	\$32,338,959	\$ 25,760,719
Charges to operations not involving cash —		
Depreciation	18,578,539	15,638,535
Deferred income taxes	1,942,000	2,660,000
Deferred investment tax credit	1,908,867	421,542
Contribution of Civic Center Redevelopment Corporation Debentures	495,000	495,000
	55,263,365	44,975,796
Sale of 5.45% debentures	45,000,000	
Sale of common stock under option plan	1,390,469	1,516,340
Other changes, net	812,215	1,219,431
	102,466,049	47,711,567
Funds were applied to:		
Capital expenditures	86,349,644	46,587,289
Cash dividends paid	10,805,980	9,490,632
Purchase of common stock for Treasury		2,735,000
Purchase of Company's debentures	416,000	3,495,000
	97,571,624	62,307,921
Net increase (decrease) in working capital	\$ 4,894,425	\$(14,596,354)
Working capital:		
At beginning of year	\$76,961,353	\$ 91,557,707
At end of year	81,855,778	76,961,353
Net increase (decrease), as above	\$ 4,894,425	\$(14,596,354)

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

NOTE 1 — CIVIC CENTER REDEVELOPMENT CORPORATION:

The Directors have authorized a contribution of the Company's \$4,950,000 investment in the income debentures of Civic Center Redevelopment Corporation to the Anheuser-Busch Charitable Trust in equal annual amounts of \$1,237,500, 1965 through 1968. The contribution will be deferred for book purposes and written off over a 10 year period ending in 1974.

NOTE 2 — STOCK OPTIONS:

Under a stock option plan adopted by the shareholders in 1955, 129,959 shares of common stock were reserved at December 31, 1966 for issuance to officers and key employees of the Company. Options granted before 1964 may not be exercised after ten years from the date of grant and the option prices are 95% of the fair market value of the shares at the date granted. Options granted in 1964 and 1965 may not be exercised after five years from the date of grant and the option prices are 100% of the fair market value of the shares at the date granted. During 1966, options covering 53,917 shares were exercised at prices ranging from \$16.63 to \$29.94 per share. At December 31, 1966, options covering 129,959 shares at prices ranging from \$16.63 to \$31.42 were outstanding, 106,492 of which were exercisable at that date.

The shareholders, at the annual meeting in 1965, adopted a new stock option plan which conformed to the requirements of the Revenue Act of 1964, and reserved 536,162 shares of common stock for issuance to officers and key employees. At December 31, 1966, no options had been granted under the new stock option plan.

NOTE 3 — RETAINED EARNINGS RESTRICTION:

The indentures under which the Company's long-term debt is issued contain provisions which limit the amount of retained earnings available for cash dividends. Under the most restrictive of these provisions, retained earnings at December 31, 1966 were restricted to the extent of \$72,729,795 against the payment of cash dividends.

NOTE 4 — PENSION PLANS:

The Company has several pension plans covering substantially all of its employees. The total pension expense for the

year was \$4,361,000. Salaried employees are covered under a trusteesd pension plan which was fully funded at December 31, 1966. Pension plans have been adopted for hourly-paid employees under agreements with the unions representing such employees. Obligations for contributions under these pension plans are based on an amount per employee as defined in the various labor agreements. The Company follows the practice of funding all pension costs charged to expense.

NOTE 5 — COMMITMENTS AND CONTINGENCIES:

In connection with the plant expansion and improvement program, the Company has commitments for capital expenditures totaling about \$57,573,000 at December 31, 1966.

On February 1, 1962, the Company acquired from Rahr Malting Co. its malting and grain storage facilities at Manitowoc, Wisconsin. On January 31, 1962, the United States of America filed suit under Section 7 of the Clayton Act to enjoin the Company from this acquisition. No preliminary injunction was sought. The relief sought by the United States was to require the Company to divest itself of the malting and grain storage facilities at Manitowoc acquired from the Rahr Malting Co. On June 17, 1966, the United States of America dismissed the suit against the Company.

On January 11, 1967, Beverage Distributors, Inc. (a former wholesaler of the Company whose relationship was on an order to order basis, terminable at the will of either party) filed suit against the Company because of its termination as a wholesaler on December 21, 1966. Beverage Distributors, Inc. requests a permanent injunction against the Company restraining it from fixing prices charged to Beverage Distributors, Inc. by the Company's wholesalers; persuading other brewers and wholesalers to refuse to sell beer to Beverage Distributors, Inc. and conspiring with others to prohibit the sale of beer to Beverage Distributors, Inc. Damages are claimed in the sum of \$20,000,000. The Company believes the suit is without merit and that Beverage Distributors, Inc. is not entitled to recover any sum or sums of money.

The Company was defendant in certain other lawsuits at December 31, 1966, the ultimate outcome of which cannot be determined at this time. The Company's liability under such suits, if any, would not materially affect its financial condition or operations.

INDEPENDENT ACCOUNTANTS OPINION...

PRICE WATERHOUSE & CO.

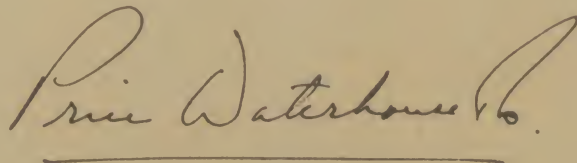
14 SOUTH FOURTH STREET

ST. LOUIS 63102

February 8, 1967

To the Shareholders and
Board of Directors of
Anheuser-Busch, Incorporated

In our opinion, the accompanying consolidated balance sheet and the related consolidated statements of income and retained earnings, capital in excess of par value, and source and application of funds present fairly the financial position of Anheuser-Busch, Incorporated and its subsidiaries at December 31, 1966, the results of their operations and the supplementary information on funds for the year, in conformity with generally accepted accounting principles applied on a basis consistent with that of the preceding year. Our examination of these statements was made in accordance with generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as we considered necessary in the circumstances.


Price Waterhouse & Co.

TEN YEAR FINANCIAL SUMMARY

(Thousands)



	1966	1965	1964
Sales and Earnings			
Barrels sold	13,575	11,841	10,370
Net sales	\$479,289	\$421,858	\$376,240
Depreciation	18,579	15,639	14,296
Direct payroll	90,797	83,160	76,269
Income before income taxes	61,726	49,749	39,313
Net income	32,339	25,761	19,646
Net income per share	2.99	2.39	1.82

Dividends

Total cash dividends	10,806	9,491	8,050
Cash dividends per share	1.00	.88	.75


Balance Sheet Information

Working capital	81,856	76,961	91,558
Plant and equipment, net	236,590	169,473	139,777
Capital expenditures	86,350	46,587	25,378
Long-term debt	96,849	52,265	55,760
Deferred items	12,458	8,607	5,526
Shareholders equity	220,533	197,610	182,558

1963	1962	1961	1960	1959	1958	1957
9,397	9,035	8,508	8,477	8,065	6,982	6,116
\$343,582	\$327,168	\$309,807	\$308,755	\$295,992	\$257,113	\$227,225
12,964	12,044	11,158	10,581	10,083	8,497	7,508
72,780	70,023	66,232	65,309	62,843	57,620	53,238
32,116	35,083	30,874	33,451	29,075	22,489	19,956
15,586	17,009	15,116	15,416	13,029	10,836	9,778
1.44	1.58	1.40	1.43	1.22	1.02	.92

7,851	7,359	7,346	6,820	6,040	5,787	5,786
.73	.68	.68	.63	.57	.55	.55

51,539	46,832	51,130	48,341	46,169	42,161	53,325
128,667	127,080	115,774	112,713	106,281	102,646	88,125
14,546	23,470	19,434	17,076	14,180	23,138	5,732
18,049	19,584	21,102	24,493	25,716	25,760	27,231
1,540	263					
170,913	163,127	153,429	145,370	135,850	128,325	123,267



How we make friends for our Company and our products

Millions of people have been through the Tampa plant. Brewery tours begin with a ride up this escalator.

People come to us. They have for years. Even before we had a formal tour program they would show up at the brewery and want to look around and we were happy to oblige them. We did not know quite what our natural attraction for people was. They were not flocking to see local mills or factories, but they were fascinated by our brewery. Perhaps it's the clean smell of the hops and malt, the cleanliness of every operation, the gleam of the copper brew kettles, or the rush of bottles and cans as they are filled, placed in cartons and sped away.

We could speculate that they are interested in a free bottle of beer. We hope so. Yet, to give up an hour or more of time for a glass of beer doesn't seem reasonable, at any rate not the whole story.

Anyway, we accepted the fact that people want to see how we brew beer and established a formal tour program. Millions of people have taken advantage of the opportunity to see our plants and sample our beers.

Then we got to thinking that the attraction of our breweries might be based on something inherent in the American people—the desire for active participation in a constructive entertainment that they could enjoy together as families. Television, spectator sports and our other national entertainments are wonderful, but they are essentially passive. People, we figured, are also looking for something to *do*—especially as families.

Working on this theory, we took ad-

vantage of the natural attractions of Grant's Farm and, in 1953, opened it to the public. The results were so wonderful that we went ahead with new attractions, Busch Gardens in Tampa, and the new Busch Gardens near the Los Angeles Brewery.

Millions have come to our attractions from all over the country and millions more will. Families spend an hour or two seeing the brewery, walking in beautiful surroundings, looking at exotic birds, animals and rare plants.

When it is time to leave and for weeks after the visit, they recall their visit and associate their enjoyable experience with the company and the products that made it all possible.

BUSCH GARDENS IN TAMPA



African animals in a Florida Veldt are seen by visitors from the comfort of a monorail train.



People of all ages enjoy the antics of the bird show performers.



Hungry visitors can get a delicious meal in the restaurant or cafeteria of the Old Swiss House.



In this Hospitality House, adults have the opportunity to sample our beers.



The giraffe and elephants are almost close enough for train passengers to touch in this Busch Gardens scene.



People thrill to the sight of this lion in a Veldt setting as they tour the Wild Animal Kingdom on the monorail.



(Top) People see the Los Angeles brewery from a Skyrail tour and get a good view of the careful way Anheuser-Busch brews beer.

(Bottom) This is where the plant tours by monorail begin. People wait at the station for the Skyrail trip around the brewery.



Ravines were gouged from the earth to form these waterways. Man-made rock forms the backdrop for the waterfall.



Tropical canals wind their way past scenes of picturesque landscaping. In the background is the Los Angeles plant.

GARDENS IN LOS ANGELES



People can get so close to these exotic birds that they can eavesdrop on each other's conversation.



Cool water, comfortable surroundings and a wonderful view provide this family with pleasant entertainment enjoyed together.



These people are waiting for the departure of the next boat tour. Busch Gardens is fast becoming one of the leading tourist attractions in Southern California.

Flamingos march past the Budweiser pavilion where adults sample the King of Beers.





B.



C.

- A.** The six-story brew house dates back to 1891-92. This is where our famous beers are brewed, and inside a hop vine chandelier grows five stories high. Both the building and the chandelier have been of great interest to hundreds of thousands of plant visitors.
- B.** The administration building was once the Lyon School, and August A. Busch, Sr., attended classes there. This three-story building was erected in 1868. As the company grew, additions were built on to the original structure to provide additional office space.
- C.** The circular, one-story stable was built in 1885 and once housed the Adolphus Busch family horses. Now, it is the home of the famous Clydesdale eight-horse hitch.

U.S. declares A-B St. Louis plant a national landmark...

The National Park Service will present a plaque and certificate of landmark designation in the spring. Both items will bear wording similar to that below.

ANHEUSER-BUSCH ST. LOUIS BREWERY

HAS BEEN DESIGNATED A
REGISTERED NATIONAL
HISTORIC LANDMARK

UNDER THE PROVISIONS OF THE
HISTORIC SITES ACT
OF AUGUST 21, 1935
THIS SITE POSSESSES
EXCEPTIONAL VALUE IN
COMMEMORATING OR
ILLUSTRATING THE HISTORY
OF THE UNITED STATES

U.S. DEPARTMENT OF THE INTERIOR
NATIONAL PARK SERVICE

1966



A.

The Anheuser-Busch brewery in St. Louis has been designated a national landmark by the Department of the Interior, it was announced last fall by Secretary Stewart L. Udall.

The designation applies in particular to the three-story administration building at 721 Pestalozzi Street, erected in 1868, the one-story stable built in 1885, and the six-story brew house dating from 1891-92. These buildings have been seen by thousands of tourists visiting St. Louis.

The eagle spreads its wings.

At the 1967 Sales Convention in Los Angeles three large display units dramatized Anheuser-Busch diversification into non-beer fields. The divisions represented here are continuing to expand, turning out quality products in the Anheuser-Busch tradition.



BAKERY PRODUCTS DIVISION

A leader in service to the baking industry, this division provides such products as yeast, liquid sweetener, frozen and dried eggs, mold inhibitors, margarine and other ingredients. The company operates two large yeast plants—in St. Louis and Old Bridge, New Jersey.



CONSUMER PRODUCTS DIVISION

This newly-formed division markets food and related grocery items to the mass-consumer market. The division currently sells Cotton Maid Spray Starch and Fabric Finish, Bud and Delta table syrups and is developing new products like Grant's Farm syrup in these and other grocery areas.

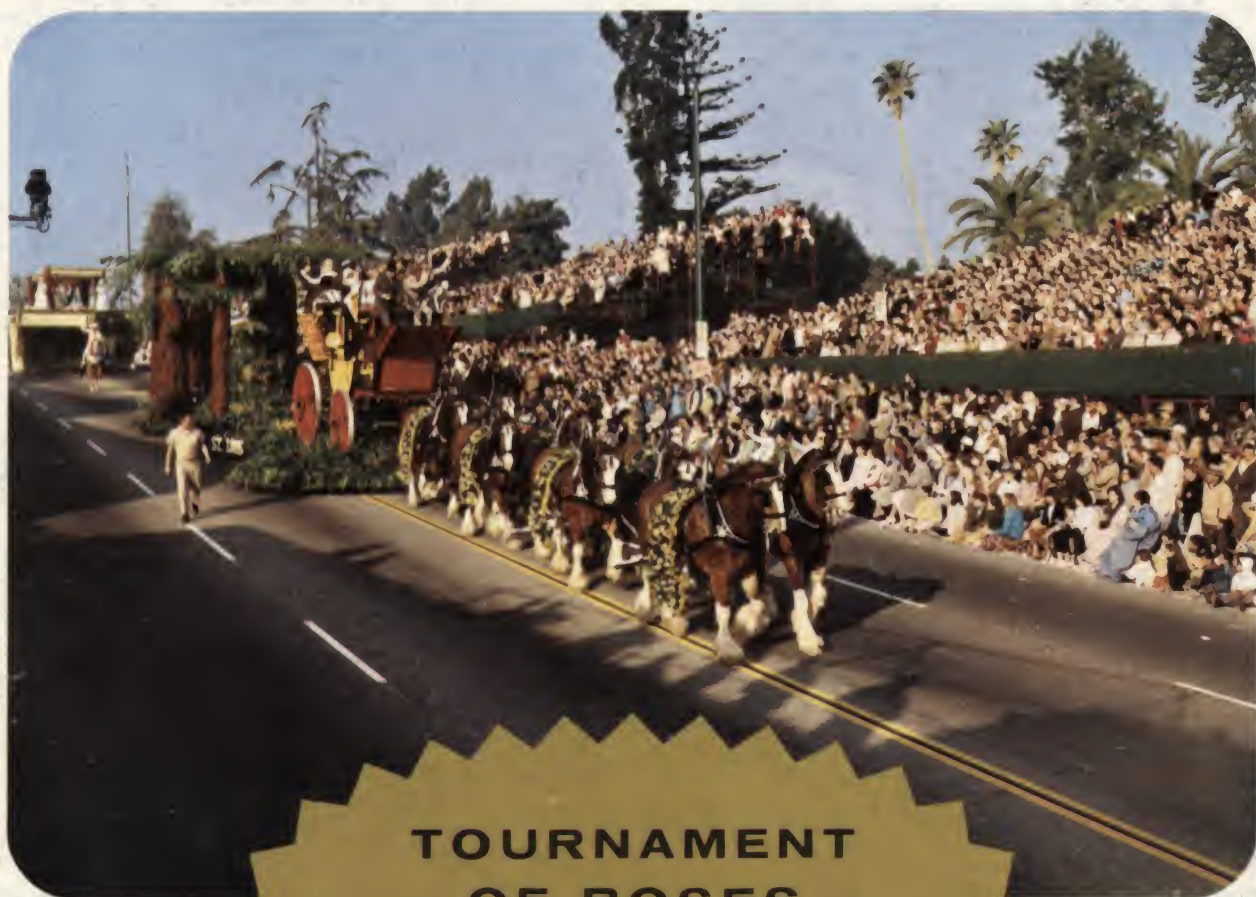


CORN REFINING DIVISION

Serving many industries, this division provides quality corn syrups and starches for numerous food applications, including canned and frozen foods, ice cream and candy. In addition it produces starches, gums and dextrans for industrial uses such as textile production, paper making and oil-well drilling. The company operates a corn refinery at St. Louis with a new plant at Lafayette, Indiana.



Cotton Maid, Bud and Delta are registered trademarks of ANHEUSER-BUSCH, INC.



**TOURNAMENT
OF ROSES
NATIONAL TROPHY
WINNER**

"OVERLAND EXPRESS STAGECOACH - SAN FRANCISCO / ST. LOUIS"

Entered for the City of St. Louis, January 2, 1967

*The City of St. Louis entry was judged the most beautiful float in the parade
from a city within the United States but outside California*

The Anheuser-Busch Clydesdales pulled the St. Louis float which included the Overland Coach, in the foreground, of the type used for virtually all passenger transport between the Missouri River and the Pacific Coast prior to the completion of the transcontinental railway. On the back of the float are six redwood trees surrounding four cascading waterfalls.
